

Initiative Created Through Economic Recovery Bill Passed Earlier This Year

Kingston, NY - Congressman Maurice Hinchey (D-NY) today announced that many local small businesses may soon be eligible for interest-free loans under a new program created by the American Recovery and Reinvestment Act (ARRA). The newly launched "America's Recovery Capital" (ARC) program allows small companies to take out loans of \$35,000 to pay down existing business debts. Borrowers pay no interest on the ARC loans and repayment does not begin for one year. The loan program was established through the ARRA, which Hinchey strongly supported and voted for and President Obama signed into law in February.

"There are many small businesses throughout upstate New York that can be viable and profitable in the long-term if they can just make it through this difficult economic stretch," Hinchey said. "These interest-free loans will help provide many small businesses with some breathing room so they can get through this rough patch and be profitable for many years to come. Small businesses are our nation's most reliable job creators, generating seven out of every ten new jobs. This new interest-free loan program will help sustain businesses so that they can continue to provide jobs and remain important contributors to the well-being of our communities."

To qualify for the ARC loans, small firms must demonstrate they are experiencing immediate financial hardship due to the economic downturn, but are otherwise deemed by the Small Business Administration (SBA) to be viable. The loans will be made by commercial lenders and can be used for payments of principal and interest for existing, qualifying small business debts like credit card obligations, mortgages, lines of credit, and balances due to suppliers, vendors, and utilities. Hinchey said that in addition to the ARC loan program, the ARRA contained other measures aimed at helping small firms access credit. For instance, the new law increases the percentage of a loan that the SBA can guarantee, makes SBA-backed loans more affordable and provides tools to unfreeze the small business credit markets, helping small companies access capital at affordable rates.

To apply for ARC loans, businesses should visit their local SBA-approved small business lenders. Businesses should also feel free to contact Hinchey's office with any questions. The loans will be available through Sept. 30, 2010, or until appropriated funding runs out. Additional information about the ARC loan program is available at www.sba.gov/recovery/arcloanprogram/index.html.

Hinchey Announces New Interest-Free Loan Program for Small Businesses

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